

Title	Financial Hardship Policy
Description	Provide financial relief to individuals and business who need assistance. The policy aims to provide ratepayers and service users with a clear and transparent understanding of options and assistance available if currently experiencing financial hardship.
Category	Finance
Type	Policy
Approval authority	Council
Responsible officer	Diarmuid McAlary
Approval date	23 June 2022
Review cycle	
Review date	30 June 2023 or earlier
Document Reference (Trim)	D22/144269
Human Rights compatibility	This policy has been assessed and is compatible with the Victorian Charter of Human Rights and Responsibilities

1. Purpose

The purpose of this Financial Hardship Policy is to provide Council with a policy framework to provide financial relief to individuals and business who need assistance to pay their Council debts within a practical, reasonable time frame. The policy aims to provide ratepayers and service users with a clear and transparent understanding of options and assistance available if currently experiencing financial hardship.

2. Context

This policy supersedes and replaces previous COVID -19 Financial Hardship Policy and Financial Hardship policy.

Council fees and charges are a secure and reliable source of revenue that Council uses to deliver services to the community. It is important to remember that Council still requires cashflow to deliver critical services to the community, however, it is also recognised that Council can in certain circumstances provide assistance.

2.1. Alignment

The policy aligns with Yarra City Council's Debtor Management Policy

2.2. Organisational Context

- Local Government Act 1989
- Local Government Act 2020
- Yarra City Council Plan 2021-2022
- Victorian Charter of Human Rights and Responsibilities Act 2006

3. Objectives

To provide direction to Council's Officers when collecting and providing for debts owed to Council and to ensure Council takes into consideration the financial hardship of ratepayers and service users. Council will provide assistance to those in financial hardship in accordance with the Local Government Act 1989, while ensuring it does not jeopardise the funding of its operations.

The policy will be guided by the principles of transparency, efficiency, capacity to pay and equity by treating all ratepayers and service users consistently and in a fair manner.

4. Policy details

4.1. Financial Hardship

Financial hardship is a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary.

4.2. Payment plan

Council will encourage those ratepayers and service users experiencing hardship to set up a payment plan with Council tailored specifically to the ratepayers needs to reduce the amount of debt owing and not have accumulating debt.

Council has a range of options regarding payment arrangements, which can be tailored to suit each Rate payer individually and their situation.

4.3. Penalty Interest

Between 1st July 2022 and 31st December 2022 penalty interest charges will apply to outstanding Rates and Charges for the financial year of 2022/2023. From the 1st January 2023 penalty interest charges will apply to all outstanding Rates and Charges for past and current financial years. However, Council could hold or waive penalty interest charges as part of payment plan arrangements for ratepayers experiencing financial hardship.

Interest will continue to accrue on any arrears outstanding until the account is paid in full at the applicable rate fixed under Section 2 of the Penalty Interest Act 1983, which is determined by the Minister.

4.4. Debt recovery

Council will make a reasonable attempt to contact a ratepayers and service users about their overdue account. This may include a reminder letter, account statement, email or phone call.

Council may engage Legal and Debt Collection Agencies to recover unpaid Council Fees and Charges when ratepayers and service users refuse to engage, and all other options have been exhausted. The ratepayers and service users will be liable for all legal costs incurred by Council in the debt collection process.

5. Monitoring, evaluation and review

The Victorian Government has introduced the Local Government Legislation Amendment (Rating and Other Matters) Bill 2022 into Parliament on 8 June 2022. This Bill seeks to empower the Minister for Local Government to make Ministerial Guidelines on unpaid rates and charges and hardship to ensure greater consistency across councils in how they deal with ratepayers experiencing financial hardship. Further review and update will be made to the Financial Hardship Policy once new legislation and ministerial guidelines are issued.

6. Definitions

Term	Definition
Council	Yarra City Council, being a body corporate constituted as a municipal Council under the Local Government Act 1989
Debt	Debt is the amount (of money) owed by a debtor as a result of a transaction with Council.
Service User	Refers to the individual, organisation or other party that owes a debt as a result of a transaction with Council.
Ratepayer	Refers to the individual, organisation or other party that is liable to pay Rates and Charges. This maybe the property owner or a tenant who under the lease agreement is liable to pay rates.

7. Related Documents

Yarra City Council Debtor Management Policy